



To: Indiana Housing Finance Authority Board of Directors
From: Community Development Department
Date: August 26, 2004
Re: HOME Investment Partnerships Program (HOME) - Owner-Occupied Rehabilitation (OOR) Program

When the Housing from Shelters to Homeownership application package was prepared and approved in early 2004, HOME funded OOR was removed as an eligible activity. At that time, IHFA explained that a new method for funding this activity would be developed.

Over the past several months, the Community Development staff has worked on developing a program to build on the success of the Family and Social Service Administration's (FSSA) Weatherization program for a comprehensive owner-occupied rehabilitation program outside of HOME-PJ areas. We are proposing to contract with Community Action Agencies (CAA) in order to ensure statewide coverage for this program.

We propose to utilize up to \$5 million in HOME resources to fund this program. The program will fund rehabilitation of homes owned by: (1) elderly; (2) persons with disabilities; and (3) families with children under 6.

During the development of the HOME OOR Program, we obtained feedback and suggestions by several different means including:

- Initial discussions were held between IHFA and FSSA to discuss the development of a HOME OOR Program and the feasibility of building on FSSA's Weatherization Program.
- Letters were sent to executive directors of the CAAs to spark interest on the program.
- An input meeting was held in Indianapolis to discuss the program concept and get feedback from the CAAs and FSSA. We received both verbal and written comments on the information that was presented at the public meeting.
- We have also contacted local HOME Participating Jurisdictions to inform them of the proposed program and to determine their interest in possible future partnerships for this program.
- Drafts of the Program Guidelines for the HOME OOR Program were announced via an IHFA-Info email list serve requesting feedback on the proposed program.

- Emailed the program guidelines to other special interest groups, which includes but is not limited to, groups who deal with persons with disabilities and groups that deal with the elderly population.

Attached is the Program Guidelines for the HOME OOR Program.

Staff anticipates recommending funding contracts for this program at the September 2004 Board Meeting.

A number of organizations and individuals commented on our application packages, a detailed list of the most frequently suggested comments are attached.

Indiana Housing Finance Authority
Public Comments – 2004 Draft HOME OOR Program
Summary of Most Frequently Made Comments

A. Draft Guidelines

1. Timeframe for responding to proposed program

Public Comment: Responses favored giving more than one-week time frame for commenting on a new program. (Total Responses 3)

Federal Regulation/Requirements: There is no Federal requirement regarding public input process.

Current IHFA Policy: The standard timeframe for receiving public comment is 7-14 days.

Proposed Policy Change: We will continue to strive to allow for 14-day comment periods; however, in some instances this may not be feasible. In those instances, we will give as much time as possible.

2. CAA capacity to carry out this activity

Public Comment: There was a concern that the CAAs may not have the capacity to carry out this activity and IHFA should allow for CAAs to contract with a group that does have knowledge of the HOME program. (Total Responses 2)

Federal Regulation/Requirements: Currently, there are no specific regulations that state specific entities must be funded. Per the HUD Regulations at 92.201 (3) (i), the funds may be distributed to recipients to perform program functions in accordance with HOME and other applicable laws.

Current IHFA Policy: CAAs may utilize new or existing staff to carry out this activity. Alternatively, if CAAs do not have the staff capacity to conduct the activity, they will be required to competitively procure for these services. Additionally, an in-depth compliance workshop will be held to familiarize CAAs with HOME Program requirements and IHFA staff is available to provide one-on-one technical assistance to the CAAS.

Proposed Policy Change: No change.

3. CAA coverage

Public Comment: If a CAA declines participation in the program, allow for a neighboring CAA to pick up the geographic area. (Total Responses 2)

Federal Regulation/Requirements: There is no Federal requirement regarding this issue.

Current IHFA Policy: We solicited feedback from all CAAs and have received confirmation that all 24 agencies are interested in partnering with us for this program.

Proposed Policy Change: No change.

B. Allocation Method

1. Contracting with CHDOs to carry out the owner-occupied rehabilitation program

Public Comment: Responses favored contracting with CHDO's who are currently administering an owner-occupied rehabilitation program or allow them to be recipients of funds. (Total Responses 2)

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Federal Regulation/Requirements: Eligible applicants for the HOME Program include not for profit, for profit and local unit of government organizations. Eligible applicants under the CDBG program include cities, towns and counties (non CDBG-entitlement communities).

Current IHFA Policy: Under the Shelters to Homeownership Application Package, CHDOs would be an eligible subrecipient for an allocation of CDBG Owner-Occupied Rehabilitation Funds.

Proposed IHFA Policy: We do not currently have CHDO coverage in all 92 counties; therefore, we propose to fund CAAs in order to ensure statewide coverage.

2. Removing funds from small cities and towns or other eligible HOME funded activities

Public Comment: There was an opposition to any change that would take away funds from small cities and towns or other eligible HOME funded activities. (Total Responses 2)

Federal Regulation/Requirements: IHFA is responsible for distributing HOME funds throughout Indiana according to the geographic distribution of housing needs. [24 CFR 92.201]

Current IHFA Policy: Under the Housing from Shelters to Homeownership Application Package, funds are distributed on a complete basis in that applicants determine the need of their communities.

Proposed IHFA Policy: Based on IHFA's formula allocation, which is modeled after FSSA's allocation method, owner-occupied rehabilitation funds will be equally distributed to each CAA based on low-income population, elderly population, population of persons with disabilities and area heat index.

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3. Number of homes that can be rehabilitated

Public Comment: There was a concern regarding the amount of funds available would not allow for many homes to be rehabilitated. (Total Responses 3)

Federal Regulation/Requirements: There are no regulations regarding the allocation of funds to specific activities.

Current IHFA Policy: Prior to this policy, IHFA did not set aside funds for a particular initiative; however, in order to implement this program an evaluation was made of current and prior year deobligations to fund this program.

Proposed IHFA Policy: The intent of the Program is to utilize multiple funding sources, which includes but is not limited to, weatherization funds, other FSSA funding, and HOME funding which would allow for a greater number of homes to be rehabilitated due to the multiple funding sources.

4. Funding Caps

Public Comment: The funds received under this program should be counted against an agencies funding cap as listed in the Housing from Shelters to Homeownership Application Package and Qualified Allocation Plan (QAP).

Federal Regulation/Requirements: There is no regulatory requirement on the amount of funds any one agency can receive.

Current IHFA Policy: Applicants may not exceed \$1,500,000 in HOME and CDBG funding through the Housing from Shelters to Homeownership program and/or Qualified Allocation Plan within the previous 12-month period from the application due date.

Proposed IHFA Policy: When an initiative is directed from IHFA, it will be determined by program whether or not the funds will be counted towards their funding cap. However, in this initiative, we do not plan to count these funds towards the cap of the Housing from Shelters to Homeownership Application Package and QAP.

C. Rehabilitation Standards

1. Weatherization Crews

Public Comment: There was a concern that the weatherization crews might not have the knowledge of the Indiana State Building Code and/or local rehabilitation standards. (Total Responses 3)

Federal Regulation/Requirements: 24 CFR Part 92.251 requires that a HOME-assisted unit meet all State and local housing quality standards and code requirements. Someone knowledgeable of code requirements must inspect the unit

Current IHFA Policy: If an award recipient did not have the capacity to carry out the inspection process, the award recipient would either hire staff or procure for these services. Additionally, prior to releasing payment for work completed, we require the recipient's contractor and inspector to sign off on the IHFA – Inspection Form verifying that the completed items meet the stricter of the local rehabilitation standards or Indiana State Building Code. All final draws of HOME-assisted housing require the inspector to sign off that the entire unit meets the stricter of the local

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rehabilitation standards or the Indiana State Building Code. In addition, IHFA Inspectors go on-site to ensure that quality work is being performed.

Proposed IHFA Policy: No change. We will continue with our current policy and if training is needed, we will work with entities on a case-by-case basis to utilize the necessary trainings to carry out this item.

D. Program Provisions

1. Environmental and Historic Review

Public Comment: Entities are concerned with the requirements and time involved to complete the Environmental Review and Historic Review.

Federal Regulation/Requirements: The environmental effects of each activity carried out with HOME funds must be assessed in accordance with the provisions of the Nation Environmental Policy Act of 1969 (NEPA) and the related authorities listed in HUD's implementing regulations at 24 CFR parts 50 and 58. [24 CFR 92.352]

Current IHFA Policy: The environmental review process consists of two phases: (1) Release of Funds Process – relates to the activities of the undertaking as a whole and (2) Section 106 Historic Review – relates to the historical significance of each individual property address.

Proposed IHFA Policy: Since this is a federal requirement, this process must be followed. We are continuing to work with the Indiana Department of Natural Resources – Division of Historic Preservation and Archeology to decrease the time it takes to complete a Section 106 Historic Review.

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Public Comments – 2004 Draft HOME OOR Program
Overall Summary

A. Draft Guidelines

1. CAAs expressed an interest in partnering with IHFA on this program. *(24 comments)*
2. We are in support of utilizing CAAs to carry out this program. *(1 comment)*
3. There was not enough time for entities to adequately comment due to a short comment period. *(3 comments)*
4. CAAs should be allowed to partner and subcontract with their Community Rehabilitation Programs that provide services to persons with disabilities. *(1 comment)*
5. Concern with a set-aside for this program since the 2004 Consolidated Plan listed owner-occupied rehabilitation as a low priority. *(1 comment)*
6. Concern that the CAA may not have the capacity to carry out this activity or allow for the CAA to contract with a group that does have knowledge of the HOME program. *(2 comments)*
7. Like the idea that the CAAs can expand their services offered to clients. *(1 comment)*
8. This is a program that is desperately needed for the state. *(1 comment)*
9. Stressed the fact that this program needs to allow as much flexibility as possible so that the local CAA can implement the program to the best of their ability for their constituents. *(1 comment)*
10. If a CAA is not interested in partnering on this program, allow for neighboring CAAs to cover the area. *(2 comments)*
11. A good collaboration of resources in that more efficient rehabilitation services will result. *(3 comment)*
12. The program seems to have been designed in workable manner that will allow for much flexibility. *(3 comments)*

B. Allocation Method

1. Suggested that we fund this program utilizing CDBG funding. *(1 comment)*
2. Suggested that we give consideration to contract with CHDOs to allow them to be recipients of funding particularly who are currently administering an owner-occupied rehabilitation program. *(3 comments)*
3. Wise use of the HOME funds. *(1 comment)*
4. Concern regarding that this is the only money going into owner-occupied rehabilitation. *(1 comment)*
5. Oppose any change that would take funds away from small cities and towns or other eligible HOME funded activities. *(2 comments)*
6. Concerned with the amount of funds available that it would not allow many homes to be rehabilitated. *(3 comments)*

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7. Concern that using \$5 million in HOME funds will take away from other programs funded by HOME. *(1 comment)*
8. Allow a selection process to be employed to select interested organizations for various geographic areas with some consideration given to HOME experience. *(1 comment)*
9. The funds received under this program should be counted against an agencies funding cap as listed in the Housing from Shelters to Homeownership Application Package and Qualified Allocation Plan (QAP). *(2 comments)*
10. Continue to allow CDBG funds to be used for owner-occupied rehabilitation. *(1 comment)*

C. Geographic Distribution

1. The proposed program lacks a geographic focus on a specific neighborhood or small town. *(1 comment)*
2. Use of FSSA's formula allocation skews the funds to the CAAs that have a Participating Jurisdiction in their service area. *(1 comment)*

D. Eligible Beneficiaries

1. Glad to see for elderly households that it includes those persons that are 60 and over and persons with disabilities of all ages. *(1 comment)*

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E. Eligible Properties

1. Glad to see that condominium and manufactured homes are eligible to receive assistance. *(1 comment)*

F. Rehabilitation Requirements

1. Concern that CAA in-house weatherization crews may not have enough knowledge of the construction industry standards. *(4 comments)*
2. Concern that bringing a home up to code might not be financially feasible and the repairs that the homeowner desires may not be completed due to financial constraints. *(1 comment)*
3. Concern with homes having to meet the IHFA Rehabilitation Standards. *(1 comment)*

G. Subsidy Limitations

1. Likes the flexibility that on a case-by-case basis, we would entertain requests to go above the \$25,000 per unit subsidy. *(1 comment)*

H. Program Provisions

1. Concern with the requirements and time involved completing the Environmental and Historic Review. *(3 comments)*
2. Concern that the program does not address what happens if a CAA is not in good standing with IHFA. *(1 comment)*

I. Affordability Requirements

1. Concern that persons may not want to participate in the program if a lien is going to be placed on their home. *(1 comment)*
2. Concern that the affordability periods for this program are not consistent with other IHFA programs. *(1 comment)*

J. Form of Assistance

No comments received.

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K. Matching Requirement

1. Concern that a CAA might decline participation in the program due to the match liability. *(1 comment)*
2. Concern that this program is exempt from a matching requirement when other IHFA programs are not. *(1 comment)*
3. We commend IHFA's efforts for removing the match liability for this program. *(2 comments)*

L. Contract Term

1. Concern with the 12 month contract term because it might not be enough time given all of the items required prior to even being rehabilitation on a home. *(1 comment)*

M. Eligible Activity Costs

1. There are not enough funds allotted for administration. *(1 comment)*
2. Concern with costs incurred for homes that do not move forward. *(1 comment)*